

Message Text

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PAGE 01 CANBER 05788 180747Z

ACTION EB-08

INFO OCT-01 EA-10 ISO-00 COME-00 CIAE-00 INR-07
NSAE-00 ERDA-05 FEA-01 INT-05 H-01 L-03 PM-05
NSC-05 SP-02 SS-15 OES-07 STR-04 TRSE-00 /079 W
-----078272 180827Z /12

R 180343Z AUG 77

FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 1127
INFO AMCONSUL MELBOURNE
AMCONSUL SYDNEY
AMEMBASSY TOKYO
AMCONSUL BRISBANE
AMCONSUL PERTH

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EO 11652: NA

TAGS: EMIN, ENRG, AS

SUBJ: AUSTRALIANCOAL LEVIES

REF: A. 76 CANBERRA 5624 (NOTAL, B. 76 CANBERRA A-086

BEGIN UNCLASSIFIED

1. IN AUGUST 1977 BUDGET, GOA ANNOUNCED FURTHER REDUCTION OF COAL EXPORT DUTY. ACTION FOLLOWS DECREASE IN EXPORT LEVY IMPLEMENTED BY AUGUST 1976 BUDGET (REF B). EFFECTIVE IMMEDIATELY, EXPORT DUTY FOR HIGH QUALITY COKING COAL IS REDUCED FROM DOLS A 4.50 TO DOLS A 3.50 PER TONNE, AND FOR LOWER QUALITY COKING COAL, FROM DOLS A1.50 TO DOLS A 1.00 PER TONNE. REDUCTION WILL COST GOA AN ESTIMATED DOSL A 24 MILLION IN 1977-78 AND DOLS A 27 MILLION IN A FULL YEAR.

2. GOA ANNOUNCED INTENTION TO COMPLETELY ABOLISH COAL EXPORT LEVY IN NEXT BUDGET. GOA ALSO ADVISED STATE GOVERNMENTS NOT
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PAGE 02 CANBER 05788 180747Z

TO INCREASE ROYALTY PAYMENTS FROM COAL PRODUCERS BECAUSE OF LARGER COMPANY PROFITS RESULTING FROM DECREASE OF COAL EXPORT LEVY. IF STATES ACT TO INCREASE ROYALTIES, GOA WILL REVIEW ITS POSITION ON THIS MATTER.

3. GOA ALSO ANNOUNCED A LEVY OF FIVE CENTS A TONNE ON ALL COAL PRODUCED IN AUSTRALIA TO FINANCE COAL RESEARCH ACTIVITIES.

REVUENE ESTIMATED TO BE DOLS A 3.4 MILLION FOR FISCAL YEAR.

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4. COMMENT: GOA HOPES TO AVOID ANY CONFRONTATION WITH STATE GOVERNMENTS OVER THE ISSUE OF POSSIBLE STATE IMPOSITION OF INCREASED ROYALTY LEVIES ON COAL PRODUCERS. GOA OFFICIAL TOLD RESOURCES ATTACHE, IF STATES INCREASE ROYALTIES, WHICH THEY DID NOT DO WHEN EXPORT LEVY FIRST REDUCED, GOA MAY INCREASE COAL LEVY RELUCTANTLY TO INSURE THAT THE STATES DO NOT SKIM OFF EXCESS PROFITS AT THE EXPENSE OF COMMONWEALTH. BUT MORE PRACTICALLY, GOA WOULD CONFRONT STATES WITH SOME ACTION WHICH WOULD MAKE IT UNPROFITABLE FOR STATES TO INCREASE ROYALTY PAYMENTS. WHOLE PURPOSE OF COAL LEVY REDUCTION IS TO STIMULATE SMALL COAL PRODUCERS AND THERE IS EVERY INDICATION, THAT FEDERAL AND STATE OFFICIALS WILL COOPERATE IN THIS ENDEAVOR.

5. COAL INDUSTRY WAS NOT CONSULTED ON THE IMPOSITION OF A FIVE CENT LEVY ON EVERY TONNE OF COAL PRODUCED IN AUSTRALIA TO FINANCE COAL RESEARCH. GOA OFFICIAL INFORMED RA THAT THE COAL INDUSTRY HAS BEEN ASKING FOR INCREASED COMMONWEALTH SUPPORT FOR COAL RESEARCH, AND IF THE COMPANIES DESIRE THE RESEARCH, THEY WILL HAVE TO ASSIST IN THE LIMITED OFFICIAL USE

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PAGE 03 CANBER 05788 180747Z

FUNDING.

6. COAL MINING INDUSTRY IS SOMEWHAT DISAPPOINTED WITH THE BUDGET ACTION RELATIVE TO THE REDUCTION OF THE COAL EXPORT LEVY BECAUSE THE INDUSTRY SOUGHT THE COMPLETE ABOLITION OF THE DUTY NOW AND NOT NEXT YEAR.
ALSTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COAL, PUBLIC DISCLOSURE, LEVIES
Control Number: n/a
Copy: SINGLE
Sent Date: 18-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CANBER05788
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770297-1123
Format: TEL
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770850/aaaabpyo.tel
Line Count: 101
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 96a81759-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 CANBERRA 5624, 76 CANBERRA A-86
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1569136
Secure: OPEN
Status: NATIVE
Subject: AUSTRALIANCOAL LEVIES
TAGS: EMIN, ENRG, AS
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/96a81759-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009